

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7412

BILL NUMBER: SB 531

NOTE PREPARED: Jan 17, 2015

BILL AMENDED:

SUBJECT: Various Tax Sale Matters.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill makes numerous changes to the tax sale statute, including the following:

- (1) The bill provides that a purchaser of real property by an installment land contract may request notice of the tax sale list.
- (2) It modifies the provision allowing a county executive to transfer a tax sale property to a nonprofit entity.
- (3) The bill provides that a county treasurer may use money held on a person's behalf in the tax sale surplus fund to pay property taxes and special assessments that become due during the tax sale redemption period.
- (4) It provides that a court may consider a petition for a tax deed without conducting a hearing if there are not any written objections filed.
- (5) The bill provides that a political subdivision may conduct an electronic auction of surplus real property held by the political subdivision.

The bill repeals the following:

- (1) A provision authorizing a county to adopt an ordinance allowing a county auditor to accept a bid that is less than the minimum bid normally required by the tax sale statute.
- (2) A provision requiring the State Board of Accounts to specify a form of tax deed to use when a grantee other than a purchaser takes the tax deed.
- (3) Several provisions that specify what action to take if the tax deed is ineffectual to convey title to tax sale property.
- (4) A provision specifying how a grantee of a tax deed recovers money owed to the grantee in the context of an action to quiet title filed by the grantee.
- (5) A provision requiring that the county auditor collect a recording fee from a grantee of a tax deed and have the tax deed recorded.
- (6) An obsolete provision that allowed a county to adopt an ordinance requiring the county treasurer to waive

certain penalties and interest on delinquent property taxes.

The bill also makes conforming changes.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Deed Form Approval:* This provision could minimally reduce administrative burden for the State Board of Accounts (SBOA) and the Attorney General's office. Under current law the deed form used to convey title to a county or a city is prescribed by the SBOA and approved by the Attorney General's office. This provision removes these requirements.

Explanation of State Revenues:

Explanation of Local Expenditures: *Notice of the Tax Sale List:* This provision will increase county auditor expenses by an indeterminable amount. Under current law, county auditors must mail, by certified mail, a copy of the tax sale list to any mortgagee who requests the list. Under this bill, the auditor will also be required to send the list to those buying under contract.

Court Hearings: This provision will save the court the cost incurred for holding hearings on applications for judgement and tax sale orders when no written objections have been timely filed. Under this bill, the court may act without holding a formal hearing.

Sale of Public Property: This provision will have no impact on local expenditures. A disposing agent that conducts an electronic auction is prohibited from charging an additional fee for conducting an electronic sale.

Explanation of Local Revenues: *Summary* - Many of the changes in this bill do not directly impact local revenues. Some of these provisions, however, may have an indirect and indeterminate impact. Other provisions which have more of a direct impact are listed below.

County Ordinance: Depending on the property, this provision could increase or decrease tax sale revenues. Under current law, counties may adopt an ordinance allowing tax sale properties to be sold for the lesser of (1) the minimum bid amount, or (2) 75% of the property's gross assessed value. This bill repeals that authority. If a property fails to sell at the minimum bid, then local revenues will be reduced. However, if a property that would have sold for less than the minimum bid amount now sells for more, then local revenue will increase.

Tax Surplus: This provision could result in increased tax collections in cases where neither the owner nor the purchaser pay taxes during the redemption period. Under current law, if taxes become due during the redemption period, the purchaser may pay them. If the property is redeemed and taxes have been paid by the purchaser, then the redemption amount includes those taxes plus interest. The redemption amount also includes any unpaid taxes. Under this bill, the county treasurer may pay taxes that become due during the redemption period from any tax surplus held in the owner's name. The redemption amount will no longer include unpaid taxes but it will still include taxes paid by the purchaser. Unpaid taxes would still be due from the eventual owner.

Recording Fee: This provision will reduce revenue received by the county recorder. Under current law, after the auditor executes a tax sale deed, the auditor must collect a recording fee from the grantee and submit the deed for recording. This provision eliminates the collection of the fee and the submission of the deed by the

auditor.

Sale of Public Property: Depending on the property and the agent, this provision could provide either an increase or a reduction in revenue received from the sale of public property. Under current law, a disposing agent may sell public real property for less than 90% of the average of two appraisals, but only after giving public notice of the amount to be accepted. Under this provision, the disposing agent must determine the minimum bid and publish that amount along with the initial notice of the sale. The minimum bid will be based on the two appraisals and also on the disposing agent's knowledge of the property. The minimum bid amount could be more or less than the bids received under current law.

Additionally, the electronic auctions permitted by this bill could draw more bidders and result in higher sale prices.

State Agencies Affected: State Board of Accounts; Attorney General's Office.

Local Agencies Affected: County treasurers; County auditors; County courts.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.